

To the Members of the California State Assembly:

Assembly Bill 1012 mandates that 50% of all cars and trucks sold in California to be powered by alternative fuels. I strongly support the goal to increase California's use of alternative transportation fuels, however this bill is counterproductive to several major initiatives already underway and will cost California more than \$1.2 billion in transportation funding.

Last year I signed Assembly Bill 1007, which requires development of a comprehensive plan with specific benchmarks on how to achieve the goal of increasing the use of alternative fuels in California. This process is underway and this bill ignores this planning and prejudices the outcome.

Just this week I signed into law the world's most sweeping legislation to control global greenhouse gas emissions, Assembly Bill 32. This groundbreaking legislation establishes a process for reducing greenhouse gas emissions in the most cost-effective, balanced and expeditious manner, including encouraging the use of alternative fuels. This bill, again, prejudices the outcome of this historic effort.

Most importantly, Department of Finance estimates that this bill will cost the state at least \$1.2 billion per year in critical transportation funds. Gasoline taxes fund our states highways, local streets and roads and our transit system. Alternative transportation fuels are taxed at one half the rate of gasoline and diesel. As we incorporate more of these fuels into our transportation system we need to plan for and mitigate the impact on funding to support our transportation system.

Finally, the bill restricts the California Air Resources Board (CARB) ability to develop and implement the most effective reduction measures.

California has become a national and world leader on alternative fuels, greenhouse gas reductions and renewable energy. We must not second guess the processes, we must let them work.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger